

THE SENATE OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2018



Independent Accountant's Report on Applying Agreed-Upon Procedures

August 23, 2019

Members of The Senate of South Carolina
South Carolina General Assembly
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by the management of The Senate of South Carolina (The Senate), on the systems, processes and behaviors related to financial activity of The Senate for the fiscal year ended June 30, 2018. The Senate's management is responsible for the systems, processes and behaviors related to financial activity. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment 1 either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of The Senate. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the specified parties. Management of The Senate has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$1,000 related to reporting packages.

This report is intended solely for the information and use of the Clerk of The Senate and the members of The Senate and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA
State Auditor

South Carolina Office of the State Auditor
Agreed - Upon Procedures Related to The Senate of South Carolina (A01)

Cash Receipts/Revenues

1. Compare current year revenues at the subfund and account level from sources other than State General Fund appropriations to those of the prior year. Obtain from management an understanding of variations for the following general ledger account: General Fund – G/L Account 4223080000 (Late Filing Penalty).
2. Haphazardly select five cash receipts transactions and inspect supporting documentation to:
 - Agree transaction amount, date, payor, document number, and account classification to the general ledger.
 - Determine that revenues/receipts were deposited in a timely manner, in accordance with proviso 117.1 of the fiscal year 2018 Appropriation Act.
 - Ensure that both revenue collections and amounts charged are properly authorized by law.
 - Determine that receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedures.

Cash Disbursements/Non-Payroll Expenditures

3. Compare current year non-payroll expenditures at the fund and account level to those of the prior year. Obtain from management an understanding of variations for the following general ledger account: General Fund: 503- Supplies and Materials.
4. Haphazardly select ten non-payroll disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by The Senate's procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by The Senate's procedures are present and agree with the invoice.
 - The transaction is a bona fide expenditure of The Senate.
 - The transaction is properly classified in the general ledger.
 - The disbursement complied with applicable State laws, rules, and regulations including the State Consolidated Procurement Code, purchasing card regulations, state travel regulations etc.
 - The disbursement was recorded in the proper fiscal year.
 - Clerical accuracy / confirm proper sales/use tax.

We found no exceptions as a result of the procedures.

Payroll

5. Compare current year payroll expenditures at the subfund and account level to those of the prior year. Obtain from management an understanding of variations for the following general ledger accounts: General Fund: 513- Employer Contributions.
6. Compare the percentage change in personal service expenditures between the current year and prior year to the percentage change in employer contributions expenditures between the current year and prior year. Obtain an explanation of changes greater than 10%.

Payroll (Continued)

7. Haphazardly select ten employees and five senators and inspect supporting documentation during the fiscal year to:

For Salaried Employees:

- Obtain and inspect the employee's payroll and/or personnel file for various forms, communications, etc., to confirm that the person is a bona fide employee of The Senate.
- Agree gross pay to supporting documentation confirming all changes to gross salary for the year. Determine that all changes have been properly approved.

For Hourly Employees:

- Obtain and inspect the employee's payroll and/or personnel file for various forms, communications, etc., to confirm that the person is a bona fide employee of The Senate.
- Confirm the hourly rate and time sheets are properly approved; recalculate gross pay.

For Senators:

- Agree taxable subsistence pay to appropriate rate and Senator's period session dates and confirm that the Senator received \$1,000 in-district expense for one haphazardly selected month.
- Confirm that the Senator (if not enrolled in the General Assembly Retirement System) was paid \$10,400 during the fiscal year.

8. Haphazardly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with The Senate's policies and procedures, that the employee's last pay check was properly calculated, and that the employee's leave payout was properly calculated in accordance with applicable State law.
9. Haphazardly select five employees hired during the fiscal year to determine if they were added to the payroll in accordance with The Senate's policies and procedures and that their first pay check was properly calculated in accordance with applicable State law.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

10. Haphazardly select three journal entries and transfers for the fiscal year to:
 - Trace postings to the general ledger, confirming amounts agree with supporting documentation.
 - Confirm transaction is properly approved.
 - Inspect supporting documentation to confirm the purpose of the transaction.

We found no exceptions as a result of the procedure.

Reporting Packages

11. Obtain copies of fiscal year end reporting packages submitted to the Office of the State Comptroller General (CG). Inspect the Master Reporting Package Checklist to determine the appropriate reporting packages were prepared and submitted by the due date established by the CG's Reporting Policies and Procedures Manual.

Reporting Packages (Continued)

12. In addition to the procedure above, perform the following:

- **Capital Assets Reporting Package**

Determine if responses and amounts are reasonable/accurate based on inspection of supporting documentation provided by The Senate and agree amounts reported on the 'Non-South Carolina Enterprise Information System (SCEIS) Agencies Only - Capital Assets Summary Form' to The Senate's capital assets worksheet. In addition, agree total additions reported on the 'Non-SCEIS Agencies Only - Capital Assets Summary Form' to GL Account 5030070002 (Legislative Agency - Capital Assets).

- **Accounts Payable**

Determine if reported amounts are reasonable/accurate based on the inspection of the records prepared by The Senate. In addition, haphazardly select three payable transactions to determine if the amounts were properly classified, calculated and reported.

- **Subsequent Events Questionnaire**

Determine if responses are reasonable/accurate and any required supplemental information was properly prepared and submitted based on inspection of the SCEIS general ledger and/or records prepared by The Senate. In addition, select the two payables from the Subsequent Events Accounts Payable Worksheet and determine if the amounts were properly classified, calculated and reported and excluded from the original Accounts Payable Reporting Package submission.

We found no exceptions as a result of the procedures.

Capital Assets

13. Haphazardly select five capital asset acquisitions and inspect supporting documentation to confirm that each acquisition was properly capitalized.

14. Haphazardly select five capital asset retirements and inspect supporting documentation to confirm that each asset was properly removed from The Senate's books and that disposals were properly approved.

We found no exceptions as a result of the procedures.

Payroll Liabilities Reporting

15. Determine if reported leave amounts agree to reports/spreadsheets prepared by The Senate (The Senate does not use the SCEIS leave module).

We found no exceptions as a result of the procedure.

Appropriation Act

16. Inspect the Appropriation Act work program, provided to and completed by management, confirming areas of noncompliance, if any.

Appropriation Act (Continued)

17. Confirm compliance with the selected agreed-upon Senate-specific state provisos (proviso #'s 91.3, 91.5, 91.6 91.23, 91.25 and 91.26) by inquiring with management and observing supporting documentation, where applicable.

We found no exceptions as a result of the procedures.

Status of Prior Finding

18. Through inquiry and inspection, determine if The Senate has taken appropriate corrective action on the finding reported during the engagement for the prior fiscal year.

We found no exceptions as a result of the procedure.